

25X1A

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SUPPLEMENT TO
REPORT NO.

- 25X1X

In all three of the above cases, considerable financial subsidies must be made from the domestic budget. These subsidies are not recognized as reparations.

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB	DISTRIBUTION				
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- (2) Large payments to the occupation forces, which are not taken into account by the Russians as reparations.
 - (3) The SAG concerns receive regular subsidies from the domestic budget. These subsidies total millions and, on order of the Russians, must be paid from the budget. On the other hand, SAG profits, which are considerable, are credited to the Russians. These profits are easily converted into goods by the Russians because of their control of industrial production. In addition to their regular reparations, this has enabled them for years to channel a stream of goods to the Soviet Union from the Soviet Zone of Germany. For the population of the Soviet Zone, this represents a continual loss.
 - (4) The Wisnut AG is financed exclusively from the DDR budget. This amounts to an estimated 700,000,000 to 800,000,000 DM per year.
 - (5) All shipping costs, including insurance, packaging, etc. are borne by the DDR. On the basis of a Russian order, delivery of the reparations goods is made f.o.b. destination. The Russian shipping company DERUTRA holds the monopoly for shipping reparations goods. This company receives approximately 65,000,000 to 70,000,000 DM yearly. Furthermore, considerable subsidies are made by the Soviet Zone yearly to ease credit. (Verbilligung von Krediten).
 - (6) All reparations goods are inspected for quality when they arrive at destination. This inspection is extremely severe and quite arbitrary. There are no Germans present during these inspections. Without sufficient grounds, wares are often classified as being of second or even third quality and entered in the books at a lower price. The consequent not inconsiderable differences in price must also be borne by the DDR budget.
5. The Russians have set their reparations demands at 10,000,000,000 dollars worth of goods but recognize only one-third to one-half of the real value of the goods delivered to them. This divergence between real cost and the value set by the Russians is probably the explanation for the existence of the high debt account kept by the Germans (probably in the Secretariat of the State Secretary for Finances), in which is entered all real amortization of the DDR reparations debt. Officially, of course, it is stated that reparations demands are moderate.

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